FY07 - Medical –PPO-H Plan Administered by Great-West Healthcare

The PPO-H plan is designed primarily for those who will enroll in a Health Savings Account (HSA). It was not created to be a stand-alone product. And because it is an HSA-qualified plan, it is also designed to meet Federal restrictions imposed on such plans. The following are the key points to consider with the PPO-H.

Prescriptions Different from Other Self-funded / Great-West Plans

- A key difference in the PPO-H plan from the other self-funded plans administered by Great-West is how prescription drugs are handled. **Unlike the other plans, THE ENTIRE DEDUCTIBLE AMOUNT MUST BE MET *BEFORE* ANY PORTION OF PRESCRIPTIONS ARE COVERED BY THE PLAN.**
- Once the deductible has been met, the plan pays 85% of the cost of prescriptions via reimbursement, which means the employee pays for the prescription in full and is then reimbursed 85% of the cost (out-of-network, the plan pays 65% after the out-of-network deductible has been met).
- Due to federal regulations governing HSAs (health savings accounts), to be considered an HSA-qualified plan, the PPO-H must be designed this way. We cannot separate the prescription coverage from the deductible the way we do in the other self-funded plans.

What does this mean? Let's use prescriptions for diabetes as an example.

PPO-H	**Other Great-West Plans**
• Member **pays in full** for insulin, test strips, etc., until **$1400** (or **$2800**) has been met. • After deductible has been met, prescriptions are paid at 85/15, meaning the plan pays 85% and the member pays 15%. • The plan pays the 85% via reimbursement, which means the employee pays for the prescription in full and is then reimbursed for the 85%.	• Member **pays in full** for insulin, test strips, etc., until **$100** prescription deductible has been met (each family member has a $100 deductible). • After $100 prescription deductible has been met, the member pays the appropriate co-payments for prescriptions.

Prescriptions for Diabetes – PPO-H May Not Be Your Best Choice

Please note that a new initiative targeting diabetes and diabetes medications is slated for this coming plan year (FY07). While the details have not been finalized, we know that **the potential positive impact this initiative will have on prescriptions for diabetes WILL NOT BE AVAILABLE TO MEMBERS OF THE PPO-H PLAN.** Why? Again, it is due to federal constraints on how an HSA-qualified plan can be designed, and because prescription coverage cannot be separated from the deductible, separate prescription benefits, as might occur with this initiative, cannot take place in this plan.

Individual vs. Family Deductible – Another Difference

- Another key difference of the PPO-H plan from the other PPO plans is how deductibles are applied.
- For employees who choose PPO-H plan at a level of employee plus any dependent (spouse and/or any number of children), **the entire family deductible must be met before the plan begins to pay for any covered services** (outside of what the plan determines to be preventative care).
- It does not matter if any one family member meets the individual deductible amount – it does not apply to these members. The individual deductible only applies to employees who enroll as employee only – as just an individual.
- Why? Again, it is the way that federal regulations dictate that HSA-qualified plans must work.

As illustrated below, the plan for employees with no covered dependents has a $1,400 in-network deductible while the plan for employees with any number of dependents has a $2,800 in-network deductible. The entire $2800 in-network deductible must be met before the plan begins to pay benefits for services subject to the deductible. The out-of-pocket maximum (point at which the plan begins to pay 100% of covered charges) is also higher when an employee covers his spouse and/or children.

	In-Network Deductible	**Out-of-Pocket Maximum**		**In-Network Deductible**	**Out-of-Pocket Maximum**
Employee Only	$1400 ($2800 out of network)	$2500 ($5000 out of network)	**Employee plus Spouse** **Employee plus Child(ren)** **Employee plus Spouse & Child(ren)**	$2800 ($5200 out of network)	$5000 ($10,000 out of network)

HSA-Qualified Plan

The final distinguishing feature of the PPO-H plan is that it is the State's HSA-qualified plan. An HSA is a Health Savings Account. HSAs are a mechanism for saving money to pay for current health expenses not covered by insurance while saving for future qualified medical health expenses on a tax-free basis. They differ markedly from Flexible Spending Accounts (FSAs) in what constitutes qualified expenses. Also, unlike FSAs with their "use it or lose it rule" at the end of each plan year, the money in an HSA belongs to the account holder (employee) and can be rolled over from year to year.